

Testimony

of

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Chairman Rubio Field Hearing

Weathering the Storm:

Hurricane Michael's Impact on

Northwest Florida's Small Businesses

# Florida SBDC

## Background

Exiting the recession from 1973 to 1975, Congress recognized that small businesses would play a critical and essential role in our nation’s economic recovery. To support in that effort, Congress conceptualized and created the Small Business Development Center (SBDC) pilot program where existing and aspiring small businesses could access at no-cost the intellectual capital of our nation’s best and most entrepreneurial colleges and universities providing them with a greater opportunity for sustained success and economic prosperity.

In 1976, the University of West Florida (UWF), located in Pensacola, the panhandle of Florida, was selected as one of the original eight university hosts in the U.S. to participate in the pilot program giving way to the establishment of the Florida SBDC Network. After proving the model as a resounding success, Congress enacted the national SBDC program as part of Chapter 21 of the Small Business Act in 1980. Today, with 45 offices and nearly 250 employees serving every square mile; every urban, suburban and rural community, the Florida SBDC Network has evolved to be designated in Florida Statute as *“the principal business assistance organization for small businesses in the state.”* [Florida Statute §288.001]



**AMERICA'S**  
**SBDC**  
**FLORIDA**

**Creating Unimaginable Possibilities  
for Prosperity for Small Business**

**9 REGIONAL CENTERS**  
**45 Service Offices**  
**250 + Employees**

- Headquarters Office
- Regional Center
- Satellite Center
- Outreach Location (\*Part-Time)

The image features a map of Florida with 9 numbered red squares indicating Regional Centers. A legend identifies the symbols: a red location pin for the Headquarters Office, a red square for Regional Centers, a red circle for Satellite Centers, and a black dot for Outreach Locations (\*Part-Time). An inset photograph shows a large group of SBDC staff members in professional attire.

## Our Services

Florida SBDCs offer access to confidential, professional business consulting at no-cost. Our core consulting expertise focus in areas of asse business need that are most vital to accelerating the growth of small and medium sized businesses. The Florida SBDC Network has established a service strategy model that represent existing and targeted (grow needs) areas of competency for the network. Each area of competency is aligned to meet the primary needs of a particular market segment, however, business and service needs may overlap with one another.



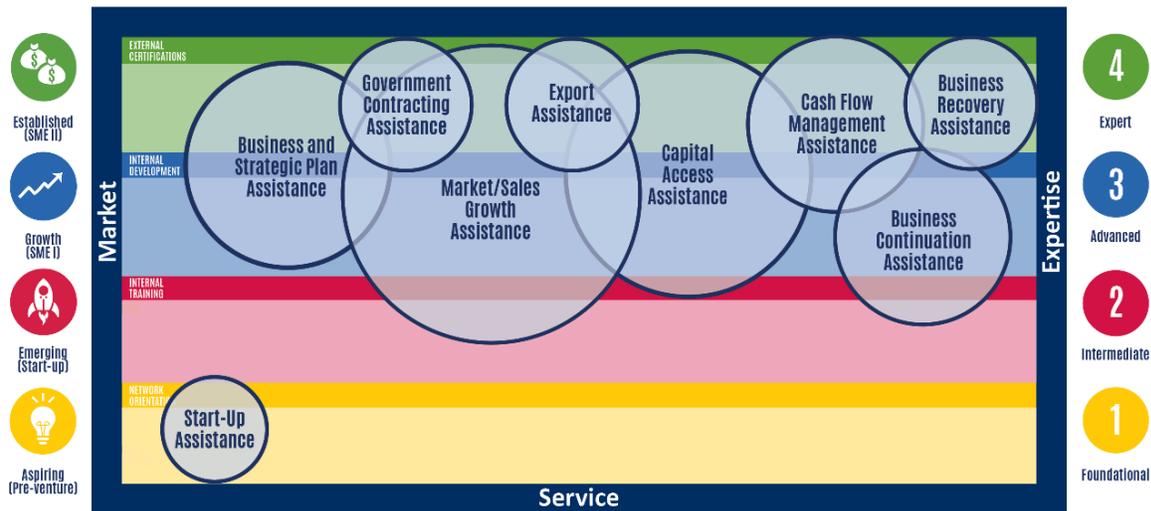
# Strategy Model



Florida SBDC Network  
Helping Businesses Grow & Succeed

## FOCUS

The Florida SBDC Network focuses the majority of its high-end, professional business development consulting, education and research services serving the needs of Florida's SMEs, as they offer the greatest potential for high growth in employment, revenue creation and economic prosperity in relation to the amount of resources expended.



Revised 8.9.2019

- **Start-up Assistance** - Consulting directly attributed to assisting individuals in starting new businesses, including providing guidance on business formation, structure, registration, regulation, and business taxes.
- **Business Plan and Strategic Plan Assistance** - Consulting directly attributed to assisting existing or aspiring small businesses with strategic or business plan development and/or implementation, including, but not limited to, analyzing the

business' mission, vision, strategies and goals, overall critique of the plan, and performance measurement, financials and projections, and plan execution. Assistance may also include the facilitation of strategic plan development for select target market client businesses, or business continuation strategy development including selling, merging or closing a business.

- **Capital Access Assistance** - Consulting directly attributed to assisting existing or aspiring businesses access capital, including providing loan package services, such as assessing capital need, identifying and assessing potential debt and/or equity funders and/or other financing alternatives; assisting in the preparation of applications, projections, pro formas or other support documentation for the request for a loan or other request for financing/investment; preparing a client for lender/investor presentations, or facilitating conferences with or responding to lender/investor inquiries on behalf of a client business.
- **Market/Sales Growth Assistance** - Consulting directly attributed to assisting existing businesses with marketing plan and strategy development to expand existing or access new revenue markets. Services should include conducting strategic research to identify new markets, preparing and analyzing sales and financial projections, and ability to professionally critique a business marketing plan or campaign for expanding into a new market.
- **Government Contracting Assistance** – Consulting directly attributed to assisting existing businesses interested in obtaining contracts with the Department of Defense (DOD), other federal agencies, state and local government agencies and government prime contractors. This includes, but is not limited to, bid/proposal preparation, securing registrations, securing federal and state certifications, marketing and bid solicitation, networking, and contract administration and performance. In addition, a range of networking events are sponsored or co-sponsored providing opportunities to connect businesses with agency buying officers and prime contractors.
- **Export Assistance** – Consulting directly attributed to assisting existing manufacturers, agricultural producers and other qualified small businesses with strategic business assessments and developing and implementing international export marketing plans for new-to-export, new-to-market segment. Included in this area is educational training necessary to facilitate the businesses international mission, vision, strategies and goals, through the nationally NASBITE-certified, Florida Export Certification Program.

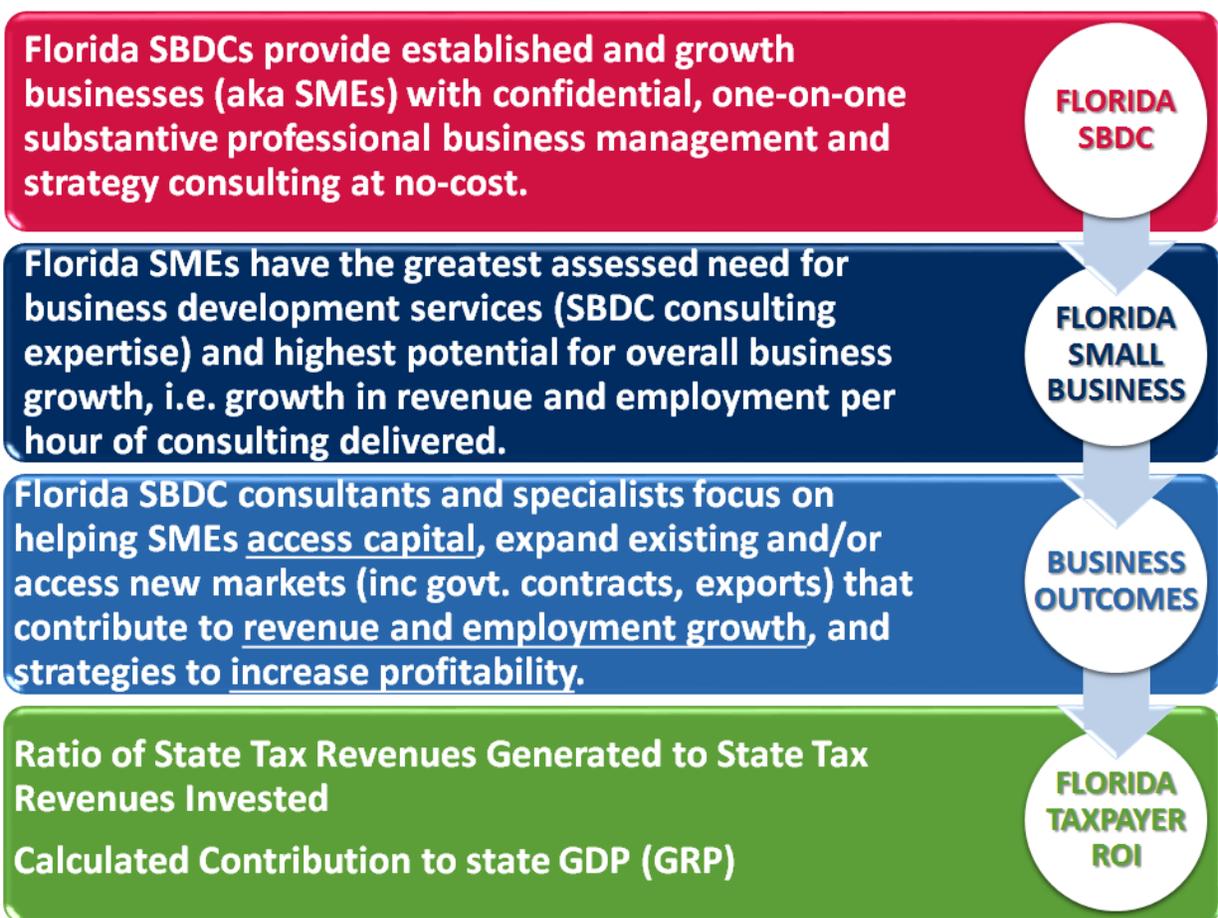
- **Cash Flow Management Assistance** - Consulting directly attributed to assisting businesses with financial literacy in business cash flow management, including cost control management techniques, completing feasibility studies, or completing financial analysis not related to the preparation of a loan package or request for financing. Assistance may also include conducting financial analysis health checks and building financial management strategies and solutions using financial analysis/strategy software or other appropriate application.
- **Business Continuation and Disaster Recovery Assistance** - Consulting directly attributed to assisting businesses with disaster preparedness, mitigation and continuation planning, and disaster recovery assistance, including but not limited assistance with federal and state business disaster loan application assistance.

### *Our Approach*

At the Florida SBDC, we believe we create unimaginable possibilities in prosperity for small businesses located in Florida. As a result, we create meaningful economic impact and growth our state that benefits every citizen. We do this by assembling the intellectual capital, experience, and resources small businesses need in dark days to overcome barriers, challenges, obstacles and turn them into competitive advantage and growth opportunities in blue-sky days.

We achieve mission success by providing our state's most important economic contributors –small businesses– with no-cost confidential, professional business consulting delivered by certified professional business consultants and specialist focused on helping our small businesses:

- access elusive capital for business investment and expansion, including federal and state business disaster loan assistance for recovery and rebuilding, if necessary;
- develop and implement short-term and long-term strategies for expansion of existing or accessing new markets that contribute to revenue and employment (job) growth, and
- execute strategies, or management and business practices or process to become more competitive and efficient, thus more profitable contributing to the tax base and overall growth of the state economy).



### *Our Results*

The primary purpose of the Florida SBDC is to provide access to no-cost, certified professional business consultants and specialists who possess the experience, expertise, and access to resources existing and aspiring small businesses need to make better business decisions; identify and access growth opportunities, and ultimately achieve sustained success that results in the creation of lasting positive economic impact for Florida’s economy.

Appropriately, Congress has increased pressure for publically-funded activities, such as the SBDC program, to be more accountable to taxpayers. Through the [Government Performance Results Act](#), the federal government mandated that SBA and its resource partners, including SBDCs, must be accountable and focused on “outcome-oriented goals” if they expect to receive continued taxpayer support – both characteristics of the culture of the Florida SBDC. Our declared commitment to our funders – therefore taxpayers of Florida – is to be responsible and accountable stewards who exceed performance

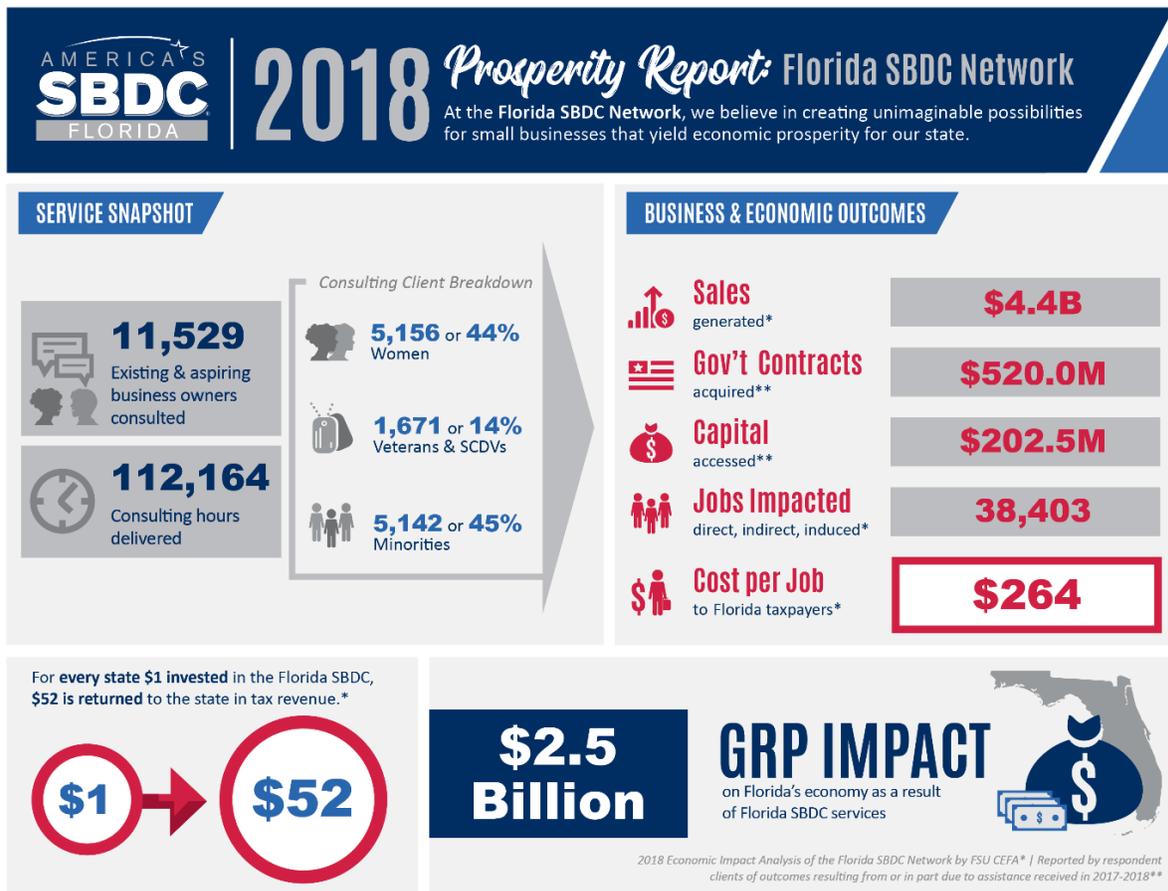
expectations and results that contribute to economic prosperity and meaningful return on investment. Our success in our commitment has been validated repeatedly over the past 43 years.

In 2018, the Florida SBDC delivered more than 112,000 hours of no-cost professional business consulting to more than 11,500 existing and aspiring small businesses businesses located in Florida. According to an independent study conducted by the Florida State University Center for Economic Forecasting and Analysis, our clients attributed that, as a direct result of the professional consulting received:

- \$4.4 Billion in Sales Revenues Were Generated
- \$520.0 million in Government Contracts Were Acquired
- \$202.5 million in Capital Investment Was Accessed
- 38,403 Jobs Were Impacted (direct, indirect and induced)
  - \$264 Florida Taxpayer Cost per Job Impacted

Resulting in –

- \$2.5 Billion GDP Impact Florida’s Economy, and
- \$52 Tax Revenues Generated to \$1 Florida Taxpayer Invested (Florida SBDC ROI)



# Effects of Disasters on Small Businesses

As of July 1, 2018, the estimated population of the Florida was 21.3 million or 6.5 percent of the 327.2 million of the United States. According to the U.S. Small Business Administration Office of Advocacy, there are 2.5 million small businesses (440,365 employers; 2.1 million nonemployers) that employ 3.4 million in Florida. That represents 8.1 percent of the small businesses and 5.7 percent of the private sector jobs in the United States, respectfully. Small businesses contribute to the creation of three out of every four jobs, as well as, 43.5 percent of total GDP.<sup>1</sup> Therefore, understanding the impacts of disasters on small businesses is critical in understanding our state's economy and how best to support its economic recovery.

According to the Federal Emergency Management Agency (FEMA), roughly 40 to 60 percent of small businesses do not reopen following a disaster.<sup>2</sup> A multitude of studies have been conducted on the short-term and long-term effects on small businesses following disasters.

## Primary Cause of Damage: Loss of Revenue, Loss of Power



Seeking to fill gaps in the existing literature about the influence of capital on small business' recovery following a disaster, the Federal Reserve Bank recently completed a [Report on Disaster-Affected Firms](#) (2017) to examine the business conditions, insurance coverage, and credit environment of small businesses located in FEMA-designated disaster ZIP codes. The study serves as an extension of the annual Small Business Credit Survey, which the Florida SBDC collaborated. Among the findings, the study found that foregone revenues, not assets, were the largest source of losses and that the loss of power was the primary source of their losses (65 percent), followed by flooding (38 percent).<sup>3</sup>

<sup>1</sup> Kobe, K. & Schwinn, R. (2018). *Small Business GDP 1998 - 2014* [U.S. Small Business Administration, Office of Advocacy].

<sup>2</sup> Make Your Business Resilient Infographic [Federal Emergency Management Agency]. (2016, May 16). Retrieved from: <https://www.fema.gov/media-library/assets/images/116921#>

<sup>3</sup> Federal Reserve Banks (2017) *Small business credit survey: report on disaster-affected firms*. Retrieved from: <https://www.newyorkfed.org/smallbusiness/small-business-credit-survey-2017>

## Quick Capital Is Need

Regarding the capital needs of affected small businesses, the study found that affected firms experienced higher credit risk, lower profitability, and a greater likelihood of financial challenges. Additionally, 66 percent of small businesses that applied for financing experienced a gap. Interestingly, the study found that more affected small businesses sought credit financing than disaster assistance, such as SBA loans. When asked if they would apply for assistance, nearly half (48 percent) indicated they would not apply, suggesting that small businesses base their borrowing on the speed of the decision and chance of being funded. The study also found that affected businesses were more likely to submit three or more applications for financing.

These findings hold important implications. According to the Federal Reserve, “access to funds in the weeks, months, and years after a disaster influences the ability of small businesses to survive and to minimize disruptions” (Federal Reserve, p. 14), highlighting the need for immediate, short-term capital to bridge the gap following the storm. The report commends the Florida Small Business Emergency Bridge Loan programs and highlights them as best practices for other states to support greater small business recovery and resiliency following a storm.

## Experience Matters

Sydnor et. al (2017) found in a study of small businesses in southern Mississippi who suffered losses from Hurricane Katrina that catastrophic physical damage was a predictor of the business’ operating status. According to the study, “...businesses that never reopened reported higher levels of damage, a greater variety of losses (both physical and non-physical) and longer periods of closure of utilities” (Sydnor et. al, 2017, p. 1659).<sup>4</sup>

Findings from the study also suggest that a business’ overall health and age plays a key role in recovery. The study findings confirm prior research that older businesses are more likely to be operational following a storm, suggesting that older businesses are more resilient when affected by a disaster. Corey and Deitch (2011) found that small businesses in the retail and wholesale industries are most vulnerable to disasters, yet are among the first to reopen and adapt to new market conditions. They also found that construction firms typically experience an economic boost following a disaster.<sup>5</sup>

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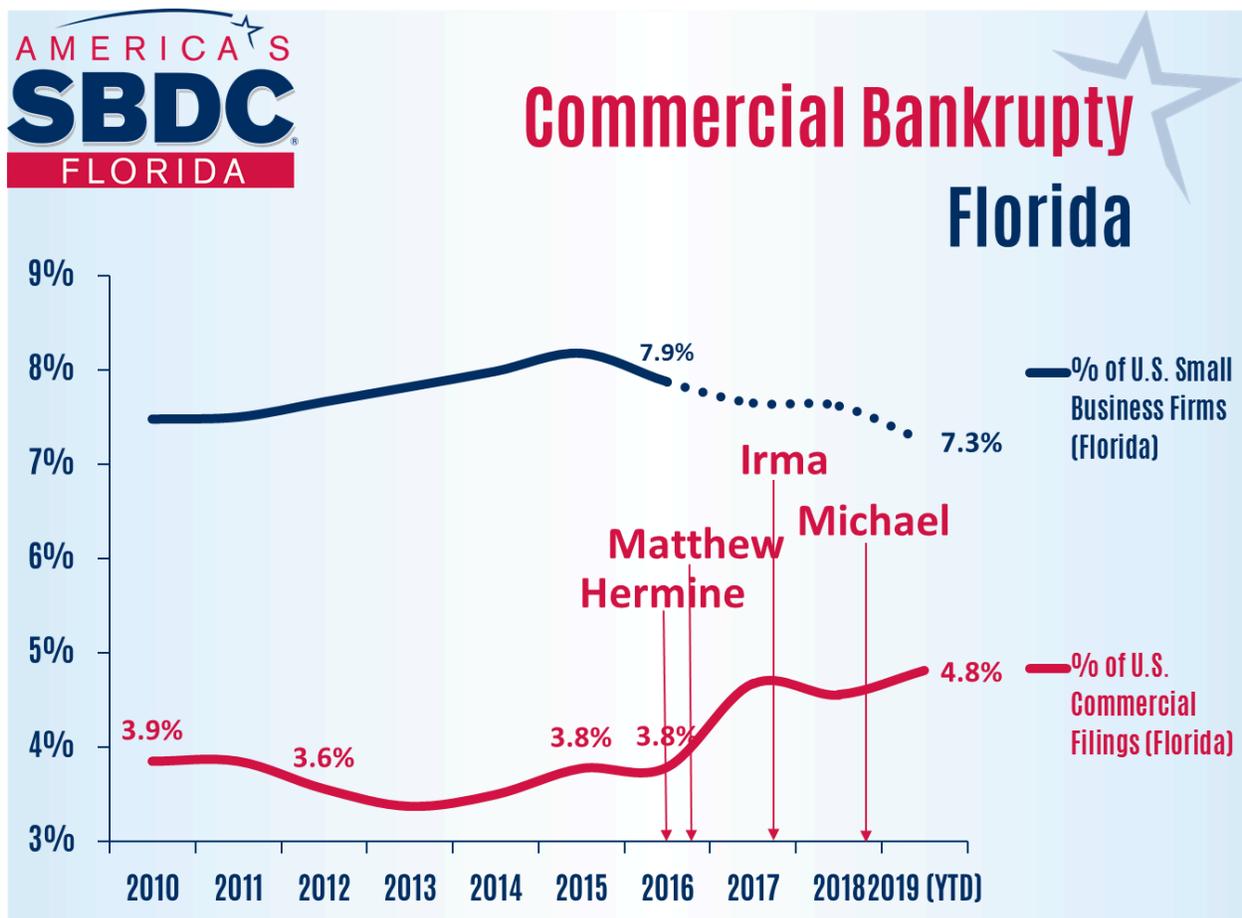
<sup>4</sup> Sydnor, S., Niehm, L., Lee, Y., Marshall, M., & Schrank, H. (2017). *Analysis of post-disaster damage and disruptive impacts on the operating status of small businesses after Hurricane Katrina*. *Natural Hazards*, (3), 1637. doi:10.1007/s11069-016-2652-y

<sup>5</sup> “Factors Affecting Business Recovery Immediately after Hurricane Katrina,” by Christy M. Corey and Elizabeth A. Deitch, September 2011.

## Commercial Bankruptcy Filings

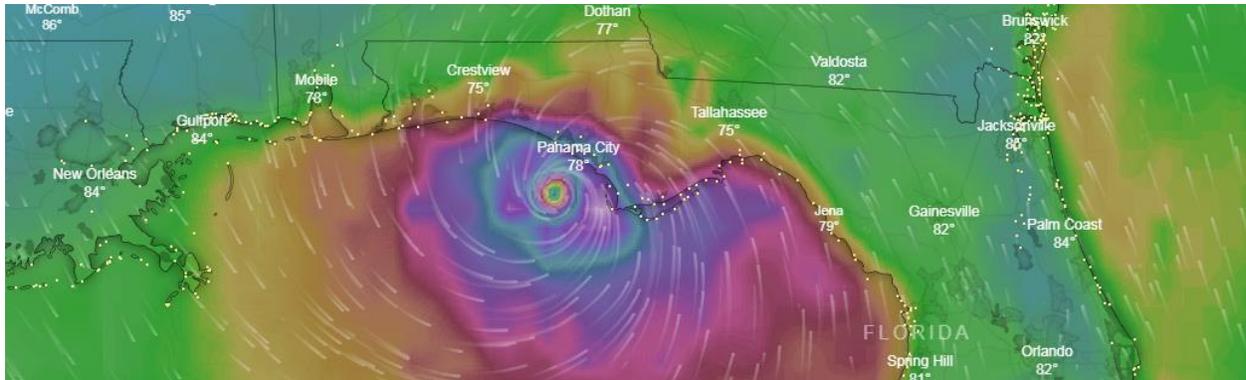
In 2015, the number of commercial bankruptcy filings hit record lows; however, they have begun to creep up over the past few years. The rise of filings could be an indicator of the impact recent disaster events have contributed to small businesses in Florida.

Florida has always enjoyed a lower than representative level of commercial bankruptcy filings in comparison to its percentage of small businesses representation in the nation. From 2010 to 2016, the most current available, the percentage of small business in Florida in comparison to the total small businesses in the United States has ranged from 7.5 to 8.1 percent, however, projections predict it to decline to 7.3 percent in the next three years. Nonetheless, the percentage of the total of commercial bankruptcy filings has always been less than its small business representation. However, since 2016, it has jumped and remained at a higher than historical levels.

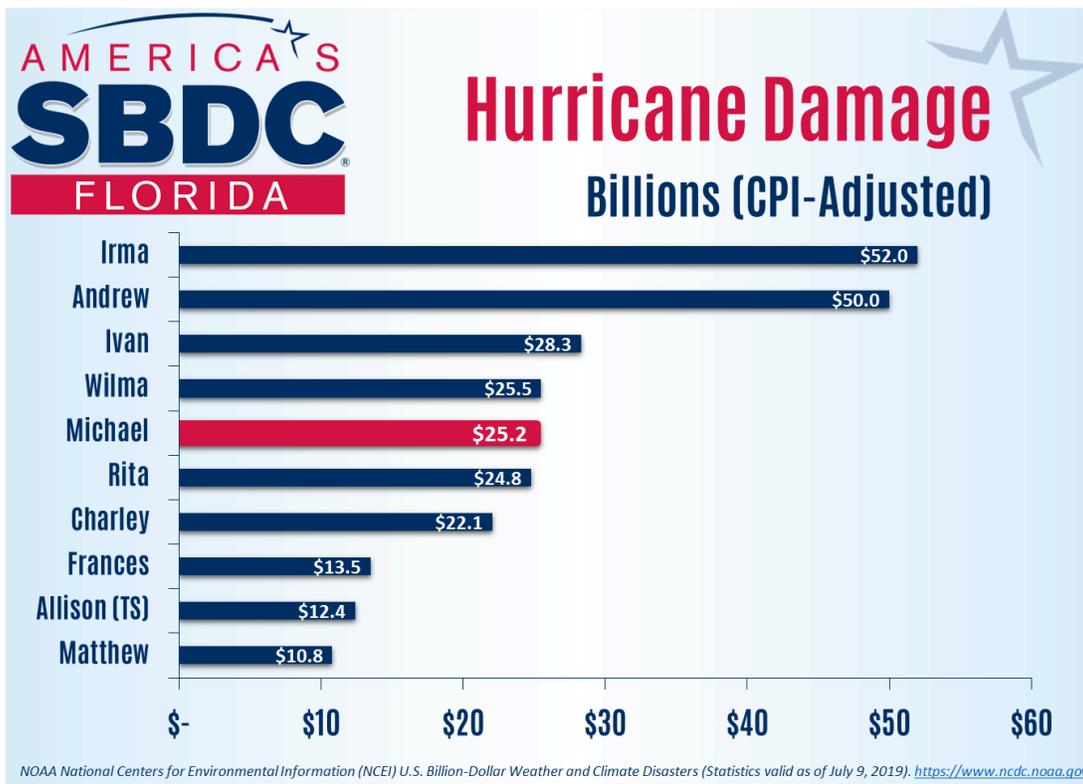


# Hurricane Michael

## The Impact



On October 10, 2018, Hurricane Michael made landfall near Mexico Beach and Tyndall Air Force Base as a Category 5 storm. Nearly 16 million American citizens were in its destructive path. In addition to the 49 American lives that were lost, the storm was responsible for the loss of an estimated \$25 billion in damages across the Southeastern United States<sup>6</sup>; the vast majority of that damage in the Florida panhandle, currently ranking it the fifth in the history of Florida.

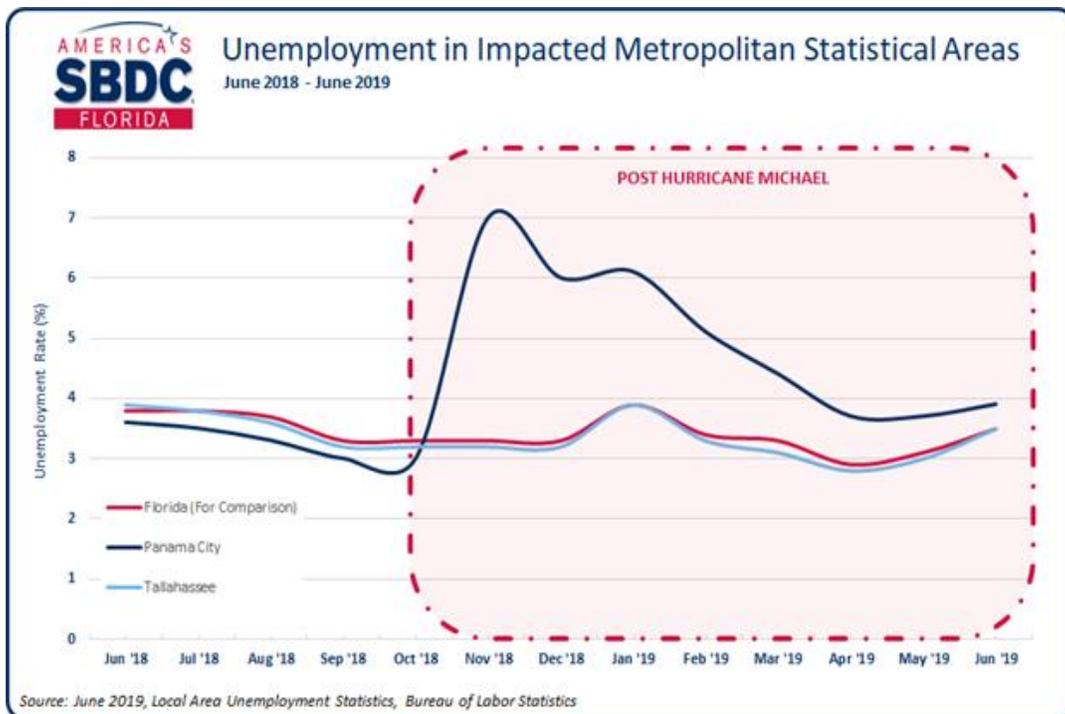


<sup>6</sup> NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2019). <https://www.ncdc.noaa.gov/billions/>

The Panama City Metropolitan Statistical Area (MSA) took the brunt of the damage with close to 50,000 structures damaged or destroyed. Within the MSA, the City of Mexico Beach was particularly hard hit as roughly 94 percent of their structures were reported damaged or destroyed.<sup>7</sup> These devastating impacts led to significant loss for the regional economy. According to its most recent [Hurricane Michael Economic Impact Dashboard](#), the University of West Florida's Haas Center has placed the value of business production loss (sales/revenues) at nearly \$3 billion; loss of labor income at over \$700 million, and overall loss to the economy (Gross Regional Product) at nearly \$1.8 billion.

According to the Air Force, the damage from Hurricane Michael to Tyndall Air Force Base will cost \$4.7 billion to repair. Base officials were forced to relocate 11,000 personnel and 46 aircraft before the storm, which damaged nearly 700 buildings. Tyndall accounts for more than 10% of Bay County's population and drives one-third of the county's economy, according to officials.

According to the [Bureau of Labor Statistics – Local Area Unemployment Statistics](#), the Panama City MSA unemployment rate peaked at 7 percent directly following the storm and has fallen to near 4 percent today, but still higher than the state after trending lower prior to the storm. The decrease since the storm is principally attributed to temporary disaster related jobs and workforce demands.



<sup>7</sup> Hurricane Michael. (2019) National Hurricane Center Tropical Cyclone Report. Retrieved from [https://www.nhc.noaa.gov/data/tcr/AL142018\\_Michael.pdf](https://www.nhc.noaa.gov/data/tcr/AL142018_Michael.pdf)

In the days and weeks following the storm, Florida SBDC and DEO leadership conducted some joint onsite visits with some of the areas largest employers. We also engaged countless small employers at numerous hosted town halls and forums. The loss of trained workforce was the principal mid to long-term concern in their business recovery efforts. Some of the larger employers indicated strategies to “over hire” by 30 to 40 percent in anticipation that they expected that many or more would be misplaced, i.e. unable or could not afford to repair a damaged home or there would be a lack of affordable housing to rent.

In Bay County, where Panama City is located, the post-storm housing crisis is worse than other disaster areas. Nationwide, about a third of people rent their homes. In Panama City, it's more than half. In addition, rental properties committed to tourism make up an enormous portion of the available housing — further complicating the number and affordability of workforce housing.

For areas outside of the Panama City MSA, the challenge to recover and rebuild is even greater. While the 12 the presidentially disaster declared counties comprise over 15 percent of the total area of Florida, only 3.4 percent of the population and 2.5 percent of the small business reside within its borders. Many had branded the area as the “Forgotten Coast” following Hurricane Michael, but those forgotten stretch 70 miles North and 40 miles East and West.

<b>HURRICANE MICHAEL</b>						
<b>FEDERALLY DECLARED AREA</b>						
<b>County</b>	<b>General Population<sup>1</sup></b>	<b>Sqr. Miles<sup>2</sup></b>	<b># of Small Businesses<sup>3</sup></b>	<b>Population</b>	<b>% of Area</b>	<b>% of Small Businesses</b>
Bay County	183,563	758	18,158	0.9%	1.4%	0.7%
Jackson County	48,330	918	3,470	0.2%	1.7%	0.1%
Washington County	24,567	583	1,852	0.1%	1.1%	0.1%
Gulf County	16,160	564	1,443	0.1%	1.1%	0.1%
Holmes County	19,558	479	1,339	0.1%	0.9%	0.1%
Calhoun County	14,483	567	912	0.1%	1.1%	0.0%
Leon County	290,292	667	27,725	1.4%	1.2%	1.1%
Gadsden County	46,071	516	3,613	0.2%	1.0%	0.1%
Wakulla County	32,120	606	2,428	0.2%	1.1%	0.1%
Franklin County	11,727	535	1,635	0.1%	1.0%	0.1%
Taylor County	21,833	1,043	1,307	0.1%	1.9%	0.1%
Liberty County	8,242	836	501	0.0%	1.6%	0.0%
<b>12 Counties</b>	<b>716,946</b>	<b>8,072</b>	<b>64,383</b>	<b>3.4%</b>	<b>15.1%</b>	<b>2.5%</b>
<b>63 Counties</b>	<b>20,984,400</b>	<b>53,625</b>	<b>2,561,620</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Disaster Response and Recovery - Our Role



One of the areas we take great pride is the important role the Florida SBDC contributes to disaster response and recovery.

The Florida Department of Economic Opportunity (DEO) is the “Primary Agency” for the [Florida State Emergency Response Team \(SERT\)](#), [Emergency Support \(ESF\) #18 Business, Industry and Economic Stabilization](#). The Florida SBDC Network is one of the “Participating Primary State Agencies” for the Florida SERT ESF-18.

In Florida, the SBDC is the leader with the reputation for being the first responders for small businesses following a disaster event. As such, we are committed to being on the front lines to ensure our state's principal job creators and primary economic contributors have the professional guidance they need to successfully navigate the initial and long-term recovery process.

### Establishing and Staffing Business Recovery Centers:

As a SERT ESF-18 Participating Primary State Agency, the primary responsibility for the coordination of federal and state recovery resource for small business, including but not limited to identification and establishment of Business Recovery Centers (BRC) locations in collaboration of the U.S. SBA, lies with the Florida SBDC Network.

With the leadership of DEO, and cooperation and collaboration of the SBA, we were able to establish 10 BRCs within 10 days after Hurricane Michael – well before FEMA established its first Disaster Recovery Center in the region. Moreover, where and when resources allowed, every BRC location comprised of both U.S. SBA and Florida SBDC business recovery specialists to provide onsite, personalized one-on-one assistance to impacted small and medium sized businesses.

### Business Recovery Centers (BRCs)

Business Recovery Centers are staffed by U.S. SBA Business Disaster Loan Specialists and Florida SBDC Disaster Recovery Specialists. Businesses will receive assistance in applying for state emergency bridge loans and federal (SBA) business disaster loans.

<p><b>1</b> Bay County (Panama City)  <b>OPEN</b> Joint Disaster Recovery Center (FEMA/SBA) &amp; Mobile Business Recovery Center (SBA/SBDC)                      Bay County Library                      888 West 11th Street, Panama City, FL 32401                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: 8 am - 5 pm CT</p> <p>Bay County (Mexico Beach)  <b>OPEN</b> Mobile Business Recovery Center (SBA/SBDC)                      Mexico Beach City Hall                      201 Paradise Path, Mexico Beach, FL 32456                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: 8 am - 5 pm CT</p> <p><b>2</b> Calhoun County (Blountstown)  <b>OPEN</b> Business Recovery Center (SBA/SBDC)                      CareerSource Florida Chipole                      36008 NE Pear Street, Blountstown, FL 32424                      BRC Operating Days: Monday - Friday (Closed Sat &amp; Sun)                      BRC Operating Hours: Monday - Friday from 8 am - 5 pm CT</p> <p><b>3</b> Franklin County (Carrabelle)  <b>OPEN</b> Joint Disaster Recovery Center (FEMA/SBA) &amp; Business Recovery Center (SBA/SBDC)                      Franklin County Public Library                      311 St. James Avenue, Carrabelle, FL 32322                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: Monday - Friday from 9 am - 6 pm ET; Saturdays from 10 am - 2 pm ET</p> <p><b>4</b> Gadsden County (Gratona)  <b>OPEN</b> Joint Disaster Recovery Center (FEMA/SBA) &amp; Business Recovery Center (SBA/SBDC)                      Old Grana Elementary                      706 Martin Luther King Jr. Boulevard, Gratona, FL 32332                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: Monday - Friday from 9 am - 6 pm ET; Saturdays from 10 am - 2 pm ET</p> <p><b>5</b> Gulf County (Port St. Joe)  <b>OPEN</b> Joint Disaster Recovery Center (FEMA/SBA) &amp; Business Recovery Center (SBA/SBDC)                      Port St. Joe Library                      110 Library Drive, Port St. Joe, FL 32456                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: Monday - Friday from 9 am - 6 pm ET; Saturdays from 10 am - 2 pm ET</p>	<p><b>6</b> Jackson County (Marianna)  <b>OPEN</b> Joint Disaster Recovery Center (FEMA/SBA) &amp; Business Recovery Center (SBA/SBDC)                      University Extension Office                      2741 Penn Avenue, Marianna, FL 32448                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: 9 am - 6 pm CT</p> <p><b>7</b> Leon County (Tallahassee)                      Business Recovery Center - Alone Established                      Businesses needing assistance and information may visit the local SBDC office:                      Florida SBDC at Florida A&amp;M University                      623 S. Tennessee Street, Tallahassee, FL 32308                      Phone: (904) 599-3407</p> <p><b>8</b> Liberty County (Bristol)  <b>OPEN</b> Joint Disaster Recovery Center (FEMA/SBA) &amp; Business Recovery Center (SBA ONLY)*                      Veterans Memorial Civic Center                      10561 NW Two Jacobs Way, Bristol, FL 32321                      BRC Operating Days: Monday - Sunday                      BRC Operating Hours: 8 am - 7 pm ET</p> <p><b>9</b> Taylor County (Perry)  <b>OPEN</b> Business Recovery Center (SBA ONLY)*                      Super-Puff Snacks                      700 W Lanza Drive, Perry, FL 32348                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: 9 am - 6 pm ET</p> <p><b>10</b> Wakulla County (Crawfordville)  <b>OPEN</b> Joint Disaster Recovery Center (FEMA/SBA) &amp; Business Recovery Center (SBA/SBDC)                      Wakulla County Community Center                      119 Sheddville Road, Crawfordville, FL 32327                      BRC Operating Days: Monday - Saturday (Closed Sundays)                      BRC Operating Hours: 9 am - 6 pm ET</p> <p><b>11</b> Washington County (Chipley)  <b>OPEN</b> Also serving Holmes County                      Joint Disaster Recovery Center (FEMA/SBA) &amp; Business Recovery Center (SBA ONLY)*                      U.S. Department of Agriculture Center                      1424 Jackson Avenue, Chipley, FL 32428                      BRC Operating Days: Monday - Sunday                      BRC Operating Hours: 8 am - 7 pm CT</p>
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\* Locations with SBA ONLY can help with SBA Physical and Economic Injury Disaster Loan applications. For assistance with the Florida Small Business Emergency Bridge Loan program, please visit a BRC location nearest you or contact the Florida SBDC Network Headquarters at Disaster@FloridaSBDC.org or toll-free at (866) 737-7332

BRCs with separate locations (or at least dedicated locations) from FEMA established DRCs provide small business owners with direct access to dedicated business disaster specialists, where they do not have to compete with long lines and wait times with citizens seeking individual assistance. The sooner a business can get the resources they need, the sooner they can reopen and begin to re-employ avoiding prolonged individual need of government assistance.

### **Deploying Mobile Assistance Centers (MACs):**

The Florida SBDC maintains two Mobile Assistance Centers (MACs) that can be deployed to serve as standalone workspaces in the most adversely impacted disaster areas. Our MACs are offices-on-wheels that allow for Florida SBDC and SBA disaster specialists to assist, prepare and process state and federal business disaster loan applications and provide other small business disaster assistance where physical facilities are not available.

During Hurricane Michael, both our Florida SBDC MACs were deployed full-time and running at capacity through the end of the year, and both were stationed in multiple communities throughout the panhandle as designated “Mobile BRC” locations, including Blountstown, Lynn Haven, Marianna, Mexico Beach, and Panama City. Without them, we would not have been able to do what we did.



### **Business Disaster Loan Assistance:**

The Florida SBDC assists the Florida Department of Economic Opportunity in the administration of the Florida Small Business Emergency Bridge Loan program; a short-term, state-funded interest-free loan intended to provide quick, vital capital that helps “bridge the gap” between the time of disaster and when a business secures long-term assistance, such as insurance proceeds, private loan, or SBA business disaster loan.

As part of the loan process, a Florida SBDC disaster loan specialist provides personalized, hands on assistance throughout, including:

- ✓ meet and answer questions and expectations about the loan program;
- ✓ pre-screen the applicant for eligibility;
- ✓ provide assistance in completing the application and packaging of the loan;
- ✓ organize and facilitate the bridge loan committee, usually comprised of local bankers, who deliberate and decide if the loan will be made;
- ✓ communicate the loan decision to the applicant, and,
- ✓ if approved, facilitate the closing and distribution of the loan.

Generally, the small business owner/applicant is assigned and communicating with one, no more than two Florida SBDC disaster loan specialists throughout the entire process.

With help from our partners, the Florida SBDC Network assisted and closed 588 emergency bridge loans following Hurricane Michael; helping small businesses and farmers secure more than \$34.1 million in immediate, short-term capital to make payroll, make repairs, replace equipment, purchase supplies and seed, and other needs. While we did not provide each direct assistance, the Florida SBDC provided substantial support, directly and indirectly, to SBA in helping small businesses secure 1,228 SBA Physical and Economic Injury Disaster Loans for more than \$119.6 million.

## HURRICANE MICHAEL BUSINESS DISASTER LOAN ASSISTANCE

	<b>Florida Small Business Emergency Bridge Loans</b>	<b>Total</b>
	Loans Approved	513
	Dollars Approved	\$21.2M
	<b>Florida Small Agricultural Producer Emergency Bridge Loans</b>	<b>Total</b>
	Loans Approved	75
	Dollars Approved	\$12.8M
	<b>U.S. SBA Business Disaster Loans</b>	<b>Total</b>
	Loans Approved	1,228
	Dollars Approved	18% of Total SBA Disaster Loans Approved <b>\$119.6M</b>

## *Road to Recovery Remains Long*

Veterans of natural disasters, Floridians are no strangers to the devastations created by Mother Nature. Nonetheless, since 2016, Floridians have endured four hurricanes— Hermine, Matthew, Irma, and Michael—and an elevated presence of red tide and algae blooms that created devastating losses for our state. The results of these events were further compounded by complacency caused by a decade without a hurricane. As disaster-affected regions of the state struggle with rebuilding, small businesses play a vital role in recovery efforts.

For small businesses in Northwest Florida, Hurricane Michael was unprecedented. The storm quickly gained strength overnight, leaving businesses and residents little time to prepare. The few that reopened quickly gained a competitive advantage over the many that did not. Regardless, as residents slowly begin to pick up the pieces, most small businesses impacted by the storm are facing an uncertain path to recovery and have few, if any, resources at their ready.

In Bay County, there are 18,126 small businesses with less than 20 employees, which comprise 86 percent of all employers in the county. Only five (5) businesses in the county have more than 500 employees.<sup>8</sup> According to [Dun & Bradstreet](#), recent FEMA reports suggest that a total of 68,579 businesses were impacted by Hurricane Michael--the Panama City MSA alone accounting for close to 20,000 of these businesses. In addition to providing and creating most of the private-sector jobs, and accounting for half of over \$8 Billion dollar economy in Bay County, the small businesses in this community are its citizens – Floridians and Americans – who are the hearts and souls of this community. It is small business owners, like David Kiser of Mexico Beach-based Caribbean Coffee, who grew-up here, raised their kids here, who bring the character, vibrancy, and most of all, the dedication and inspiration, that lead the way to rebuilding our community.

### **Caribbean Coffee, Mexico Beach**

After Hurricane Michael swept ashore, David Kiser, owner of Caribbean Coffee, could not believe that his lifelong dream was still upright. His store, which sits feet off the Gulf on Hwy 98, serves ground roasted brewed coffees, homemade sandwiches, pastries, including the world's best cinnamon buns, in a relaxed, island-inspired atmosphere.

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<sup>8</sup> U.S. Census. Nonemployer Statistics for the U.S., States, Metropolitan Areas, and counties; and by Legal Form of Organization and Sales, Value of Shipments, or Revenue Size for Selected Geographies: 2017, and 2016 County Business Patterns Retrieved from <https://data.census.gov> and <https://factfinder.census.gov>

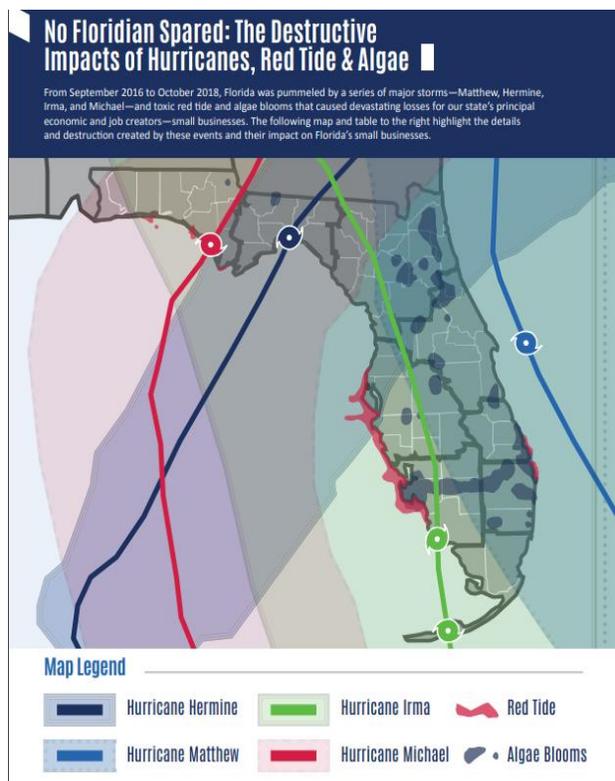


Prior to his stores' official reopening long after the storm, David opened his front door, threw out the welcome mat. Without power and running water, he began serving complimentary coffee using bottled water and an electric kettle connected to a battery one cup at a time to weary residents, first responders and curious strangers. That was the first time I met David.

In an interview, he told News 13, "The plan was to open up as quickly as possible. Anything that leads to normalcy puts a smile back on somebody's face and that's what I was trying to give them."

Small businesses are imperative to the current and future economic success in Florida, especially in the days, months and years following a major disaster event like Hurricane Michael. We recognize that at the Florida SBDC. In addition to helping small businesses secure immediate sources of emergency capital to retain employees, pay for repairs, and other expenses to reopen their doors, our team of certified professional consultants and specialists help our small businesses impacted by disasters secure the necessary resources to give them the best chance for a long-term recovery, including help developing short-term and long-term strategies for recapturing or expanding existing or accessing new markets and opportunities for growth.

Regrettably, but no regrets, disaster recovery has become a full-time job. Since 2016, the Florida SBDC has successfully responded to federal disaster declarations and emergency executive orders for four hurricanes – Hermine, Matthew, Irma and Michael – and red tide and algae blooms without any special appropriation, disaster supplement or reimbursement. During that time the Florida SBDC has expended millions of its general operating budget in support of its commitment to serve the needs of our small



business in the greatest time of need. While this work is critical, and equally demanding as it is rewarding, it takes away from the core work that the Florida SBDC Network expected and accountable by our funding agency partners, including the SBA.

Congress created the RISE (Recovery Improvements for Small Entities After Disaster) Act of 2015 as an intended mechanism to provide SBDCs with the financial investment necessary to provide the immediate and long-term assistance small businesses needed to make a full recovery following a major disaster event. While its intent was in the right place, it falls short because it depends on the Administration's authorization and support. To ensure SBDCs have the necessary capacity to do this essential and critical work; to provide our small businesses with expertise and best, long-term chance for recovery, I recommend that the committee consider a Congressionally-designed solution that creates a set aside or directly appropriates from supplemental or agency administrative funding for SBDCs serving a federally declared disaster area. Further, assign them the authority to allocate and expend resources to meet the responsibilities outlined without agency interference and red tape or unnecessary or unrelated functions or performance goals.

In close, Mexico Beach is a vivid reminder of the work that is still left to be done. In October 2018, Hurricane Michael wiped out 80 percent of the city; a seaside town known for its old Florida charm. Seven months later, debris still lines the streets and concrete slabs serve as gravestones as a reminder of the homes and businesses that once stood in their place.

Nearly a year later, communities like Mexico Beach are still feeling the lingering impacts from the storm. It is imperative that we work together to provide small businesses with the resources they need to recover, rebuild, and establish a sense of normalcy. Our small businesses add vibrancy to our communities, employ the majority of workers, and create wealth and prosperity for our economy—we owe it to them to find a better solution to provide the immediate resources they need to recover in the days, weeks, months, and years ahead.

#### **About Michael W. Myhre, CEO, Florida SBDC Network**

From mailroom to boardroom, Michael W. Myhre has served in every capacity of an SBDC since 1990. Prior to 2011, Mr. Myhre held the position of Executive Director for the Office of Entrepreneurship and Small Business Development for the State of Minnesota during the governorship of Tim Pawlenty. In this capacity, he provided oversight of Minnesota's leading office of entrepreneurial and small business development, including direction of the Minnesota SBDC. In January 2011, he joined the Florida SBDC as its chief operating officer before assuming the position as the organization's chief executive officer in 2013.

Throughout his career, Michael has served on many boards and committees. He has served eight years on the Board of Directors for America's SBDC, the Association of Small Business Development Centers (ASBDC), most recently as its Board Chairman in 2016-2018, and various

other capacities. He currently serves on the Boards of Directors for CareerSource Florida, Florida Economic Development Council, and Manufacturers Association of Florida; the Florida Chamber Foundation Board of Trustees, Florida Chamber Small Business Council Executive Committee, Enterprise Florida Strategic Partners and Policy Committee, and others.

Michael is a graduate of the University of Minnesota, Carlson School of Management. He lives in Pensacola Beach, Florida, and married with three adult children who have yet to bless him with grandchildren.